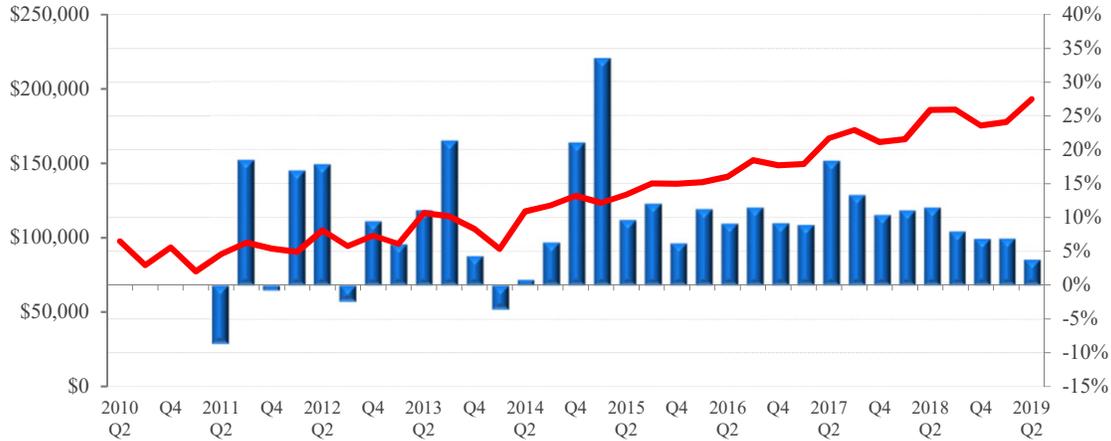


## Sherman-Denison Area Local Market Report, Second Quarter 2019

### Today's Market...

**Median Price (Red Line) and One-year Price Growth**



#### Local Price Trends

Price Activity	Sherman-Denison	U.S.	Local Trend
Current Median Home Price (2019 Q2)	\$193,100	\$276,800	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2019 Q2)	3.8%	4.2%	
3-year (12-quarter) Appreciation (2019 Q2)	37.0%	15.8%	
3-year (12-quarter) Housing Equity Gain*	\$52,200	\$37,667	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$88,100	\$95,867	
9-year (36 quarters) Housing Equity Gain*	\$95,600	\$100,200	

\*Note: Equity gain reflects price appreciation only

	Sherman-Denison	U.S.	
<b>Conforming Loan Limit**</b>	\$484,350	\$726,525	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$314,827	\$726,525	
<b>Local Median to Conforming Limit Ratio</b>	40%	not comparable	

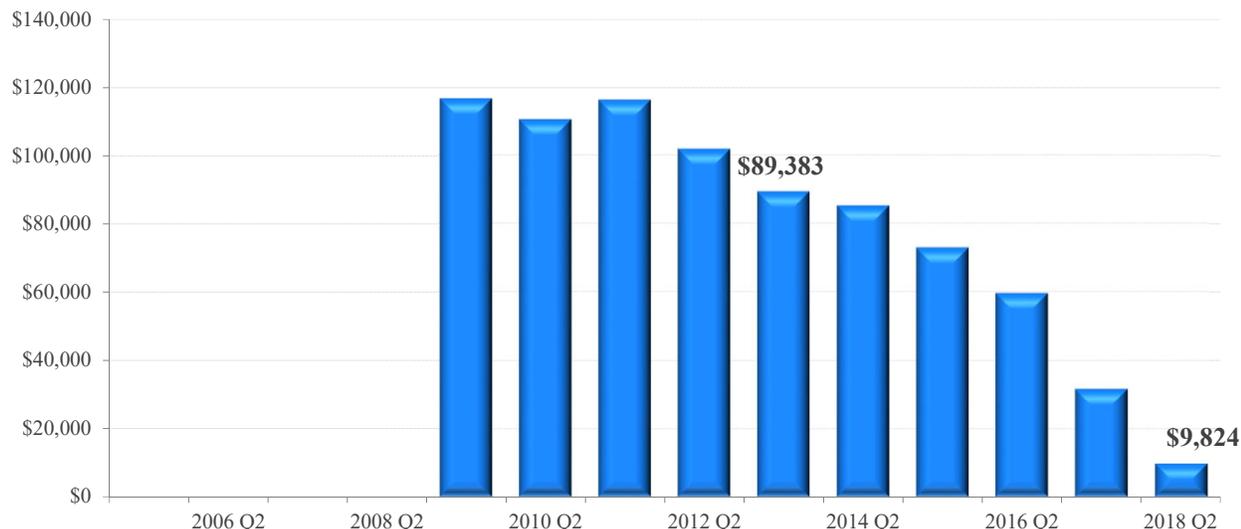
Note: limits are current and include the changes made on January 1st 2019.

#### Local NAR Leadership

The Sherman-Denison market is part of region 10 in the NAR governance system, which includes all of Louisiana and Texas. The 2019 NAR Regional Vice President representing region 10 is Beth Cristina.

# Benefits of Ownership: Total Equity Appreciation

## Total Equity Accrued to Owner by Year and Quarter of Purchase



### Total Equity Gained\*\* through 2019 Q2 from quarter in which home was of purchased

Price Activity	Sherman-Denison	U.S.	Local Trend
1-year (4-quarter)	\$9,824	\$15,090	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$59,721	\$50,431	
5-year (20-quarter)*	\$85,289	\$79,779	
7-year (28 quarters)*	\$101,782	\$108,518	
9-year (36 quarters)*	\$110,335	\$112,549	
If purchase in 2005, the national price peak	NA	\$75,039	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

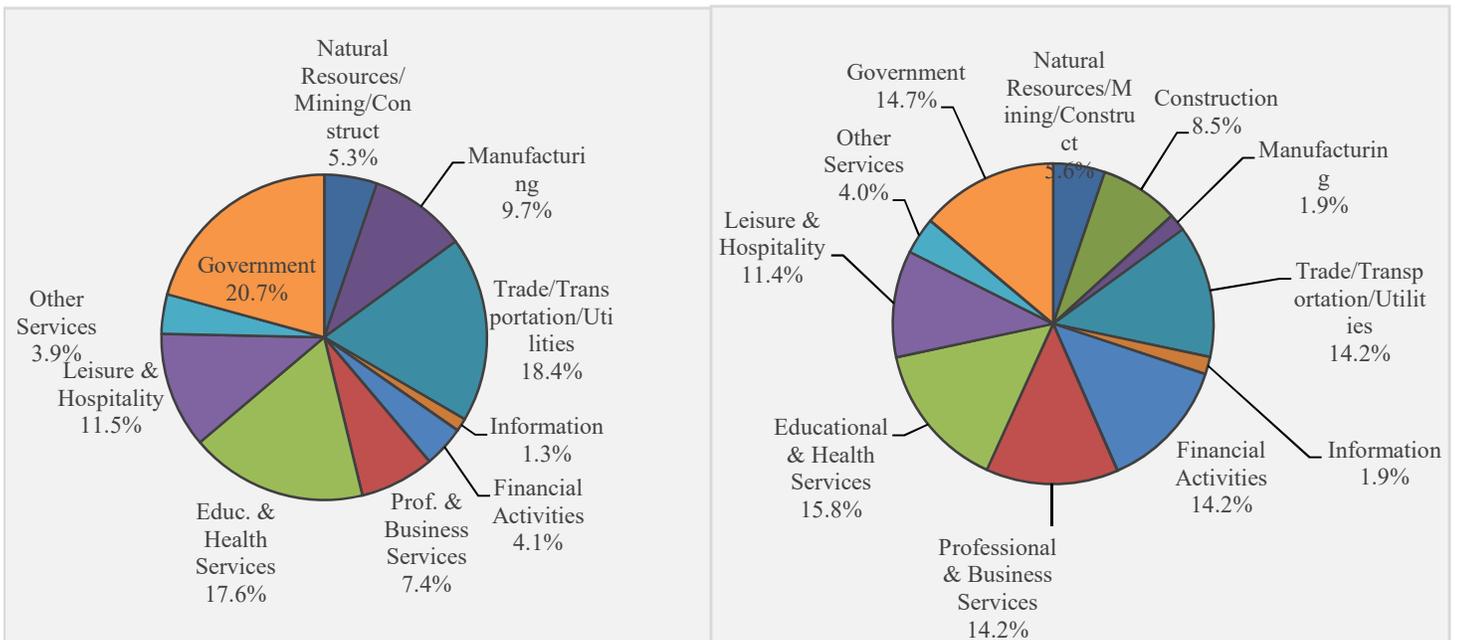
# Drivers of Local Supply and Demand...

Local Economic Outlook	Sherman-Denison	U.S.	
12-month Job Change (Jun)	1,300	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (May)	1,500	Not Comparable	
36-month Job Change (Jun)	2,900	Not Comparable	Unemployment in Sherman-Denison is better than the national average and improving
Current Unemployment Rate (Jun)	3.1%	3.7%	
Year-ago Unemployment Rate	3.6%	3.9%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	2.7%	1.7%	

## Share of Total Employment by Industry

Sherman-Denison Area

U.S.



### 12-month Employment Change by Industry in the Sherman-Denison Area (Jul - 2019)

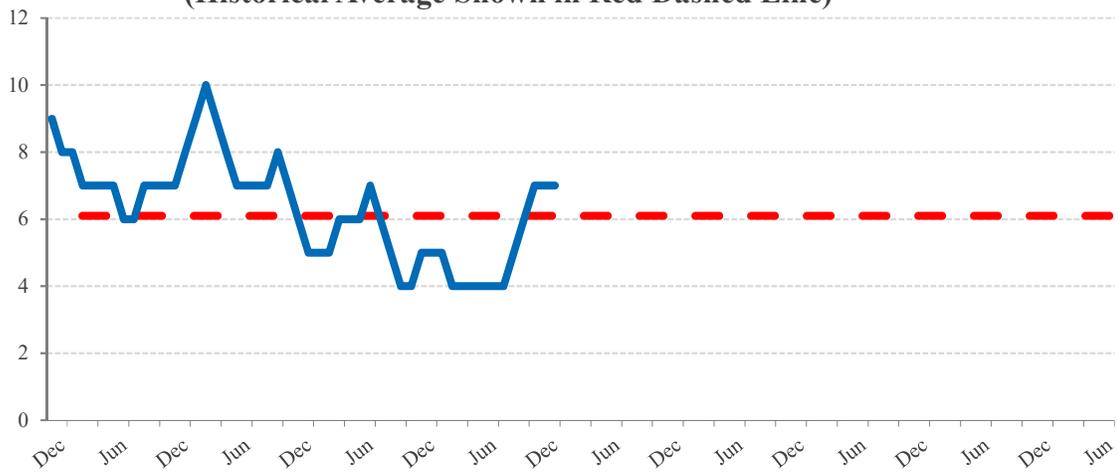
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	0	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	100
Manufacturing	200	Leisure & Hospitality	300
Service Providing Excluding Government	NA	Other Services	0
Trade/Transportation/Utilities	-100	Government	100

State Economic Activity Index	Texas	U.S.	
12-month change (2019 - Jun)	3.9%	3.0%	The economy of Texas has outpaced the rest of the nation and improved modestly from last month's 3.84% change
36-month change (2019 - Jun)	NA	9.2%	

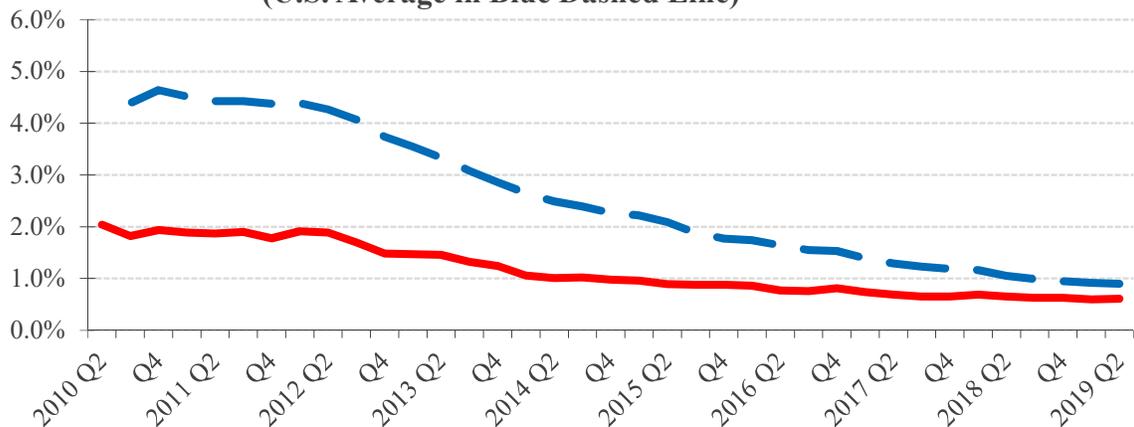
## New Housing Construction

Local Fundamentals	Sherman-Denison	U.S.	
12-month Sum of 1-unit Building Permits through Jun	NA	not comparable	Local Data Not Available
8-year average for 12-month Sum of 1-Unit Building Permits	6	not comparable	Local Data Not Available
Single-Family Housing Permits (Jun) 12-month sum vs. a year ago	NA	-2.5%	Local Data Not Available

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)



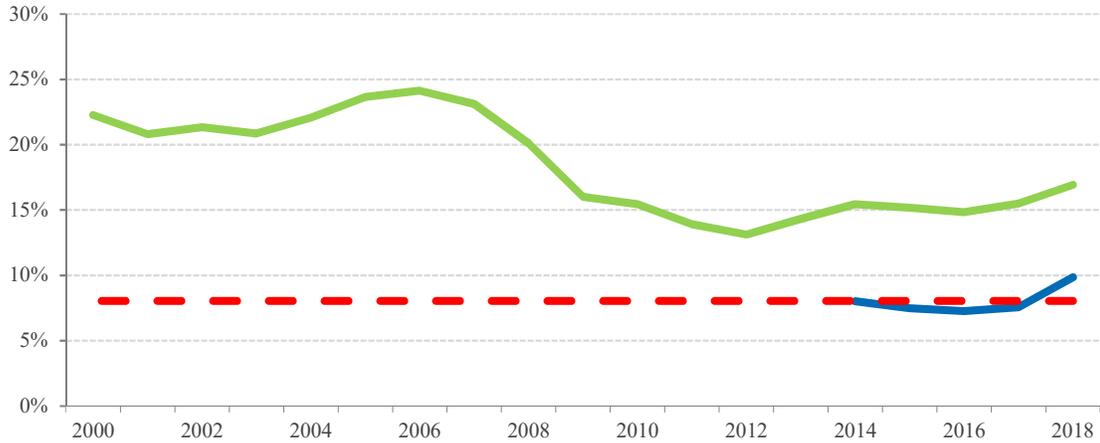
**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



# Affordability

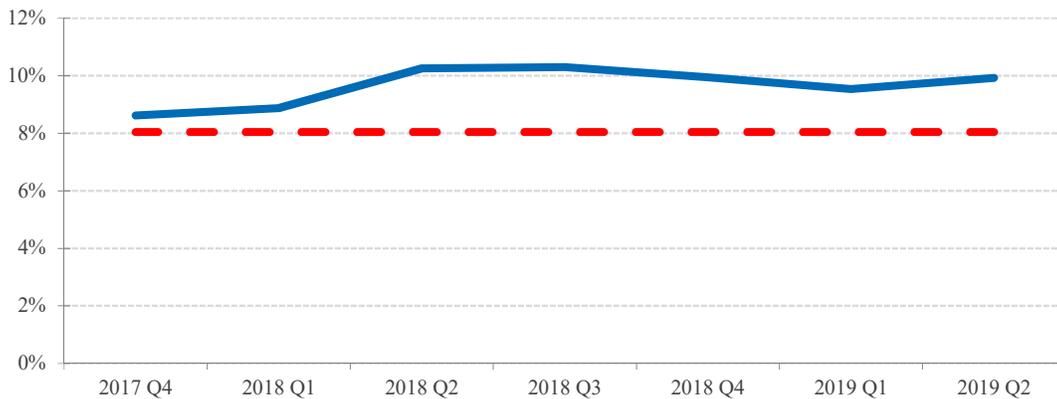


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

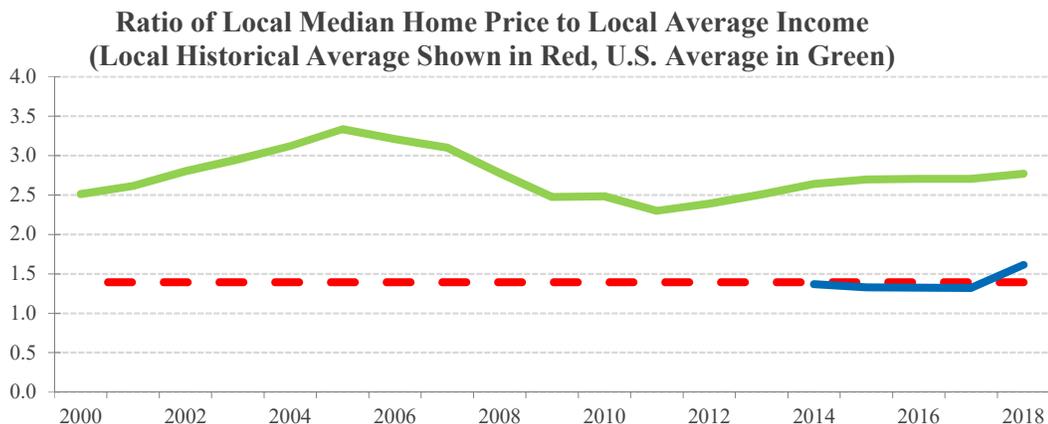


Monthly Mortgage Payment to Income	Sherman-Denison	U.S.	
Ratio for 2018	9.9%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2019 Q2	9.9%	16.3%	
Historical Average	8.0%	18.6%	More affordable than most markets

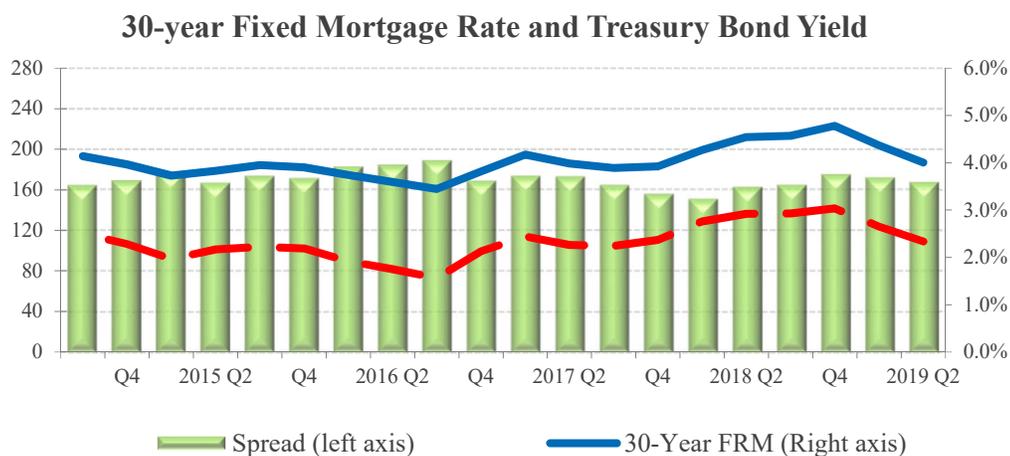
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Sherman-Denison	U.S.	
Ratio for 2018	1.6	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2019 Q2	1.7	2.8	
Historical Average	1.4	2.7	Affordable compared to most markets



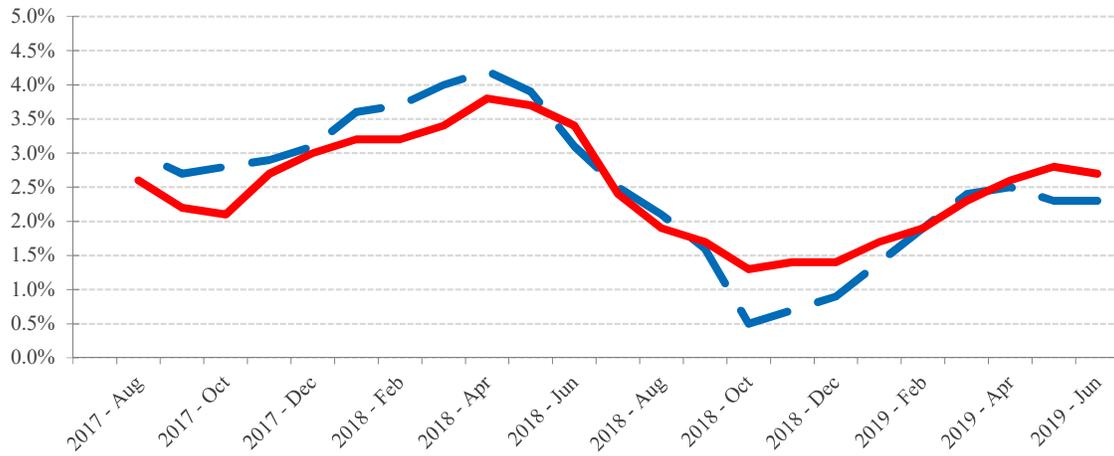
## The Mortgage Market



Home loans grew cheaper in the second quarter of the year. Interest rates for long-term fixed-rate loans have decreased substantially since the end of 2018. Not that long ago (November 2018), the average interest rate for a 30-year fixed-rate mortgage was near 5%. In contrast, as the second quarter ended, the 30-year fixed rate mortgage dropped to 4.00 percent in Q2 2019 from 4.54 percent in the Q2 2018, according to mortgage finance provider Freddie Mac. Stock market volatility and global trade worries are pushing rates down. In the meantime, homebuyers and homeowners benefit from these low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.9 percent for 2019 and 3.6 percent for 2020, respectively.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Texas	U.S.	
2019 - Jun	2.7%	2.3%	REALTORS® expect higher price growth in Texas than in the U.S. in the next 12 months. However, their price expectations for the local market are more modest than a year ago.
Prior 12 months	3.4%	3.1%	



## Geographic Coverage for this Report

The Sherman-Denison area referred to in this report covers the geographic area of the Sherman-Denison metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Grayson County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)